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SIPDIS

SENSITIVE

USAID FOR AA/AFR CONSTANCE NEWMAN

E.O. 12958: N/A

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SUBJECT: NIGERIA: AID ASST. ADMINISTRATOR'S DELTA VISIT

1.(SBU) USAID Assistant Administrator Constance Newman visited the violence-plagued Warri area July 17. Accompanied by USAID Mission Director and Corporate Responsibility Officer (CRO), Newman received a briefing on security, community relations and community development from Shell's General Manager for Production and its regional Manager for Community Relations.

2.(SBU) The Shell officials described their often turbulent relations with communities in the riverine areas of Delta State. The company seeks "host community" relationships with villages in the immediate vicinity of Shell installations and pipelines. MOUs signed with the communities govern the provision of community development assistance. In the past, assistance was focused on tangibles such as wells, school buildings and clinics. Shell is now reorienting its community development program to focus on human capital -- through training, scholarships and job creation. Recognizing that its staff is not well skilled at designing and implementing sustainable assistance programs, Shell is also seeking to out-source a large portion of its assistance. Development agencies and organizations such as USAID, DFID and the World Bank will be sought as partners in collaborative assistance efforts.

3.(SBU) During a helicopter overflight of the Warri "creeks," Newman was shown closed facilities, including a Shell logistics center completely destroyed by armed Ijaw militants. She also saw the ruins of two Itsekiri villages destroyed during the March Ijaw attacks. With the exception of the huge Chevron terminal and tank farm at Escravos, the area remains off-limits to oil company personnel because of the lack of security. Flying over Warri's harbor, the group saw one of the two USG-donated buoy tenders at berth and could identify a weapon mounted on the boat's stern. (Note: Photos of the boat have been passed to Post's DAO. End Note)

4.(SBU) In a meeting with Warri-area Ijaw leaders the AID A/A heard complaints about the underdevelopment of Ijaw areas in the Delta. Basic amenities such as clean water, roads and schools are needed, claimed Ijaw national leader Chief Edwin Clark. Despite the enormous wealth produced by the region, villages remained isolated and development assistance has been meager. Leaders of the Ijaw militants -- the Federated Niger Delta Ijaw Communities (FNDIC) -- presented a more strident message. Although the Ijaw leaders found fault with the Niger Delta Development Commission -- the federal government's vehicle for recycling a portion of oil dividends to the communities -- they reserved their harshest criticism for the oil industry. They called for a larger allocation of development resources to Ijaw communities. realignment of resources provided by the oil companies, to a more equitable sharing with Ijaw communities. The militants particularly faulted ChevronTexaco for allegedly favoring Itsekiris with the company's development dollars.

5.(SBU) AA Newman's schedule prevented her from meeting Itsekiri leaders, but the AID Mission Director and CRO met in Sapele (about 40 kilometers from Warri) with leaders of Itsekiri communities displaced from the Warri creeks. Itsekiri leaders also complained about insufficient development assistance. In a prophetic note, the Itsekiri National Youth Council leader warned that Itsekiri youth were preparing to fight. No longer would they "stand with their arms folded" while the Ijaw attacked and destroyed their villages; they would respond in kind to the next Ijaw provocation. (Note: A July 24 Ijaw attack on the Itsekiri village of Abi-Gborodo in Warri North Local Government Area was met by a reprisal attack by the Itsekiri youth the following day -- the first time the Itsekiri have used force in this crisis that began in March. End Note).

6.(SBU) Comment: The visit served to highlight the complexity of the current Warri situation. It is an ethnic,

emotional and economic conundrum that will require deft handling to minimize. Tribalism, ethnic animosities, and frustration over lack of economic opportunities have grown. Groups compete against each other for this portion of meager local resources as well as contest each other for the attention of the only functioning authority seen in the area -- the oil companies. Attempts at political settlements will mostly likely fail as they do not address the core economic grievances of the ethnic groups involved. Conflict mitigation work and development assistance aimed at the micro-level has a greater chance of success. For this reason, USAID has assigned a priority to projects addressing conflict in the Delta, through public-private partnerships with the companies.

7.(SBU) As part of its new five-year strategy (2004-2009) USAID has commissioned an assessment of the southern region of Nigeria, with a focus on the Delta. USAID has engaged in numerous discussions with the oil companies regarding current and future partnerships aimed at economic growth and community development. USAID will use the southern assessment to help guide its future investments in the Delta region.

8.(U) Post was not able to clear this cable with AA Newman before her departure.

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